

LGA Strategic Risk Register – Summary Updated 3 July 2012

Ref	Type	Description	Last quarter score	This quarter score	Movement	Review date
EXTERNAL						
S1	Impact/delivery	The LGA is not effective in achieving its vision for local government	12	12	↔	September 2012
S2	Membership	LGA membership reduces to the point where the LGA loses legitimacy as the voice for the sector	12	12	↔	September 2012
INTERNAL						
S3	Financial Sustainability	The LGA is not financially viable	9	9	↔	September 2012
S4	Shared Services contract	The LGA's outsourced shared services are not delivered to an acceptable standard and overhead costs do not reduce in line with the overall size of the organisation	20	20	↔	September 2012
S5	People Management	The people who work at the LGA do not have the skills and capability to deliver the LGA's objectives.	9	9	↔	September 2012

Symbols ↔ ↑ ↓

Ref	Risk	Cause and effect	Inherent risk I L 5 → 1 5 = high	Controls/Sources of assurance	Residual risk I L 5 → 1 5 = high	Further Actions to improve mitigation	Owner/ Date TBC
S1	<p>Impact/delivery</p> <p>The LGA is not effective in achieving its vision for local government:</p> <ul style="list-style-type: none"> - Public Service Reform - Growth and Prosperity - Local Government Funding - Efficiency and Productivity - Sector-led Improvement 	<p>Cause</p> <ul style="list-style-type: none"> - Lack of focus and prioritisation - Not active on the big issues - Failure to deliver lobbying objectives - Support to councils is not valued <p>Effect</p> <ul style="list-style-type: none"> - Loss of membership – see below - Lack of credibility with government - RSG and other funding not renewed 	<p>4 5</p>	<ul style="list-style-type: none"> - Clear priorities agreed with members through the business planning process - Comprehensive governance arrangements in place to ensure clear cross-party support for the LGA's lobbying objectives - Public Affairs function to monitor political change <p>Sources of assurance – quarterly performance reporting; regular reports to Executive, Leadership Board and LGA Boards</p>	<p>4 3</p>	<ul style="list-style-type: none"> - Focused campaigns – 2012-13 campaigns agreed and getting underway - More focused and clearer business plan to drive priorities – 2012-13 Business Plan now agreed and informing individual objectives - New appointments to the senior management team – Director of Comms and Executive Director now in post 	<p>Hd of Comms</p> <p>Hd of Business Development</p> <p>Chief Executive</p>

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S2	<p>Membership</p> <p>LGA membership reduces to the point where the LGA loses legitimacy as the voice for the sector</p>	<p>Causes</p> <ul style="list-style-type: none"> - General financial pressures on councils - LGA not see to provide value for money <p>Effect</p> <ul style="list-style-type: none"> - LGA loses legitimacy as the voice for the sector - Local government becomes more fragmented in its engagement with government 	<p>5 3</p>	<ul style="list-style-type: none"> - Member benefits/sanctions identified and communicated in sub letter - Active engagement with councils on notice to withdraw membership - LGA subs strategy has taken account of general financial climate for councils, with a view to winning their support - LGA achievements communicated regularly through the Chairman's bulletin, First magazine, email bulletins, other comms <p>Source of assurance – ongoing monitoring and publishing of membership changes</p> <p>KPI – Total membership and members on notice to withdraw</p>	<p>4 3</p>	<ul style="list-style-type: none"> - New Communications strategy for the LGA – summer 2012 - Work underway on the LGA's offer to councils – LGA Offer letter to all councils /backbenchers - Member scrutiny review of the LGA's offer – in progress, due to report July - Strengthen connections with local government regional bodies – regular meetings now being held - Publication of key data on contracts, supplier payments, expenses – all in place from April 2012 - Improve the LGA's collection of customer contact information – consider as part of ICT strategy from July NEW ACTUIB 	<p>Head of Comms</p> <p>Head of Corporate Governance</p> <p>Head of Business Development</p> <p>Head of Programme – IH</p> <p>Head of Business Development</p> <p>Head of Business Development</p>

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S3	Financial sustainability The LGA is not financially viable.	Causes - Membership withdrawal - RSG funding reduction - Loss of government grants and contracts - Pension liabilities not fully funded - Overheads do not reduce in line with reductions in income – see below - Pension liabilities crystallise as employee numbers reduce in the individual companies Effects - Significant reduction in size – not able to provide core services - Significantly increased pension costs in future years - Going concern issues	5 3	<ul style="list-style-type: none"> - Effective budget planning and management - Current pension contributions take account of latest actuarial valuations to reduce deficit - Increased payment in accordance with revised deficit reduction arrangements - Number of employees and pension risk in each company and the LGA kept under active review - Financial strategy regularly reviewed by Resources Panel – <p>Source of assurance – monthly management accounts</p> <p>KPI – Total headcount KPI – Debtors</p>	3 3	<ul style="list-style-type: none"> - Business planning timetable agreed for 2013/14 - Review of the LGA's Pensions strategy – paper to Sept Resources Panel - Explore options to transfer employees between pension funds – in progress - Preliminary work to secure RSG topslice from 2015/16 – initial budget review, summer 2012 to inform this - Zero-base review of budget, Apr-June 2013 – NEW ACTION - Medium term financial strategy overseen by Resources Panel – next review Sept 2012 	Head of Business Development Dir of Finance and Resources Dir of Finance and Resources Chief Exec/Dir of Finance and Resources SMT with Head of Business Development Dir of Finance and Resources

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S4	<p>Shared services contract</p> <p>The LGA's outsourced shared services are not delivered to an acceptable standard; overhead costs do not reduce in line with the overall size of the organisation</p>	<p>Causes</p> <ul style="list-style-type: none"> - Unforeseen event triggers contract failure. - Contract not fit-for-purpose. - Ineffective client side - Lack of service availability - Quality and performance of service delivery fails to meet client's standards - Contract re-negotiation does not achieve required reduction in overheads <p>Effects</p> <ul style="list-style-type: none"> - Business support requirements not met – we are not able to deliver our services effectively - Inability to make cost reductions. - Negative impact on reputation, particularly with membership - Inability to make changes - Customer dissatisfaction 	4 5	<ul style="list-style-type: none"> - Governance arrangements in place – Programme Board, Contract Management Board, Contract manager - Liberata performance against KPIs monitored - Client-side team review day-to-day performance on the contract - Annual customer surveys - Exit management plan in place should the contract terminate, setting out how services would be transferred back to the LG Group or another supplier <p>Source of assurance – monthly reporting and review of Liberata KPIs at Contract Management Board</p> <p>KPI – Liberata customer satisfaction survey</p>	4 5	<ul style="list-style-type: none"> - Negotiation on price reduction for 2012-13 linked to volumetric changes – £285k annual reduction achieved - Benchmarking review underway – due to report July - Member scrutiny review of overheads – underway, due to report July 2012 - Contract renegotiation to achieve efficiencies – negotiations will start in July once benchmarking review completed 	<p>Dir of Finance and Resources</p> <p>Head of Business Development</p> <p>Head of Business Development</p> <p>Chief Exec/Dir of Finance and Resources</p>

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S5	<p>People Management</p> <p>The people who work at the LGA do not have the skills and capacity to deliver the LGA's objectives</p>	<p>Causes</p> <ul style="list-style-type: none"> - Low employee morale - Lack of clarity and focus <p>Effects</p> <ul style="list-style-type: none"> - We do not retain key employees - Not clear about the direction of travel 	<p>4 3</p>	<ul style="list-style-type: none"> - Clear focus and prioritisation through the business planning process - Line management support - Strong focus on internal communications through the Portal, monthly employee briefings; annual employee conference; Knowledge bites <p>Source of assurance – annual employee survey</p> <p>KPI – Employee engagement KPI – BME employees % of total workforce KPI – average sick days</p>	<p>3 3</p>	<ul style="list-style-type: none"> - New Appraisal Scheme from April 2012 – now launched - Development programme for front-line managers – due to start July 2012 - Comprehensive learning and development programme including e-learning modules where appropriate – e-learning programme launched 	<p>Acting Head of HR</p> <p>Acting Head of HR</p> <p>Acting Head of HR</p>

Risk Matrix - the following chart shows where, and what colour the risk will fall in to dependent on the scores. Red being the most severe and green being the least. The scores within the chart are multiples of the likelihood and impact,

For example (Likelihood of) **3** x (Impact of) **4** = (Risk score of) **12**

		Projected likelihood		
X		Low (1)	Medium (3)	High (5)
Potential impact	Very high (5)	manage and monitor - 5	urgent focus and action - 15	immediate focus and action - 25
	High (4)	management effort worthwhile - 4	manage and monitor - 12	significant focus and action - 20
	Medium (3)	accept but monitor - 3	management effort worthwhile - 9	manage and monitor - 15
	Low (1)	accept but monitor - 1	accept but periodically review - 3	accept but monitor - 5

What the colours mean (as a guide):

- Red - Urgent actions required to reduce ratings **15 – 25 points**
- Amber - Actions required to manage and monitor ratings **12 points**
- Yellow - Actions required to monitor ratings **4 – 9 points**
- Green - **Actions required to maintain ratings** **1 – 3 points**